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**ANNUAL  
REPORT**


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**1977**

NOTICE OF  
MEETING  
INFORMATION  
CIRCULAR



FOR THE YEAR ENDED DECEMBER 31, 1977



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# CALMOR

## IRON BAY MINES

L I M I T E D

### DIRECTORS

M. P. CONNELL ..... Toronto, Ontario  
D. J. HAINS ..... Toronto, Ontario  
I. F. T. KENNEDY ..... Toronto, Ontario  
J. C. LAMACRAFT ..... Toronto, Ontario  
R. D. H. THORBURN ..... Toronto, Ontario

### OFFICERS

M. P. CONNELL ..... President  
J. C. LAMACRAFT ..... Executive Vice-President  
I. F. T. KENNEDY ..... Vice-President  
J. A. PATTERSON ..... Secretary-Treasurer  
J. S. ADAMS ..... Assistant Secretary-Treasurer

### HEAD OFFICE

SUITE 1010, 85 RICHMOND STREET WEST  
Toronto, Ontario

### TRANSFER AGENT AND REGISTRAR

MONTREAL TRUST COMPANY  
Toronto, Ontario

### AUDITORS

THORNE RIDDELL & CO.  
Toronto, Ontario

### BANKERS

THE TORONTO-DOMINION BANK  
Toronto, Ontario

### SOLICITORS

DAVIES, WARD & BECK  
Toronto, Ontario

### ANNUAL MEETING

June 30, 1978  
4:00 p.m.  
The Johnston Room 1 & 2  
Hotel Toronto  
145 Richmond Street West  
Toronto, Ontario





# Calmor Iron Bay Mines Limited

## *Report of the Directors*

To the Shareholders,  
Calmor Iron Bay Mines Limited.

Your Directors submit the Annual Report for the year ended December 31, 1977. Included are the financial statements of the Company and the auditors' report thereon. Also enclosed are the notice of annual meeting, information circular and form of proxy.

Royalties from The Griffith Mine during 1977 amounted to \$337,000. The lease agreement between your Company and The Steel Company of Canada, Limited provides for escalation of the royalty rate proportionately with increases in the price of iron ore pellets. In early 1977, the royalty rate was increased to 22.0 cents per ton, and recent posted price changes will be reflected in a further increase in the royalty rate in the second quarter of 1978.

During the year your Company participated in a number of undertakings which are described below.

### EXPLORATION

Your Company participates in an extensive Canadian mineral exploration programme pursuant to an agreement with several related companies, which provides for participation as follows:

Calmor Iron Bay Mines Limited .....	18%
Conwest Exploration Company Limited .....	30%
Chimo Gold Mines Limited .....	27%
Consolidated Canadian Faraday Limited ....	25%

The total amount expended during 1977 was \$1,424,000. Expenditures by unrelated joint venturers on projects in which the above-named group participates were approximately \$2,018,000, resulting in a total exploration exposure of \$3,442,000.

The exploration budget for the joint activities of the above companies for 1978 is \$1,500,000.

The Conwest Canadian Uranium Exploration Joint Venture operated for its second full calendar year during 1977 with a wide-ranging exploration effort being conducted throughout Canada. Conwest and certain related companies shared a 20% participation in the \$1,818,000 budget of the Joint Venture as follows:

Calmor Iron Bay Mines Limited .....	10%
Conwest Exploration Company Limited .....	25%
Consolidated Canadian Faraday Limited ....	25%
International Mogul Mines Limited .....	25%
Chimo Gold Mines Limited .....	15%

The other participants in this Joint Venture, each contributing as to 20%, are Central Electricity Generating Board (a British agency), Eldorado Nuclear Limited (a Canadian Crown corporation), Electrowatt Limited (a Swiss company) and Empresa Nacional Del Uranio, S.A. (a Spanish company).

The reports of Mr. C. K. O'Connor, Vice-President, Exploration and Development, Conwest Exploration Company Limited, and Dr. E. F. Evoy, Technical Director of the Conwest Canadian Uranium Exploration Joint Venture, are appended.

## CONSORTINA INCORPORATED

Your Company holds a 12% interest in Consortina Incorporated. Consortina owns and operates a number of restaurants, lounges and accommodation units in the Metropolitan Toronto area.

1977 marked a year of major developments with the reopening of "The Ports", 1145 Yonge Street in Toronto, on April 25, the opening of Bemelmans Restaurant, 83 Bloor Street West, on May 8, and the reopening of the lounge facilities at The Ascot Inn at Rexdale and Highway 27 in Etobicoke, on July 18. These operations, together with the Jarvis House in Toronto and the Riverside Lodge in Oakville, constitute all the operations owned by the company.

For the year ended December 31, 1977, Consortina incurred a loss of \$875,000, on sales of \$7,930,000, before depreciation of \$452,000 and financing costs of \$1,524,000, including interest on shareholder advances totalling \$779,000. The losses incurred during the year include the pre-opening expenses from The Ports and Bemelmans, together with other substantial non-recurring operating expenses from those units and The Ascot Inn that were absorbed in the months following opening or reopening.

At present, all units are generating profits from operations. For the sixteen-week period ending April 22, 1978, sales of \$3,009,000 produced a profit of \$239,000 before depreciation and financing costs.

## HSA REACTORS LIMITED

Your Company holds an 8.4% interest in HSA Reactors Limited.

The HSA reactor utilizes a unique electrode with a surface area many times greater than that of conventional electrochemical cells resulting in substantially improved electrical efficiencies. The principal areas of research include the application of the HSA reactor to the treatment of metallic waste effluents, hydrogen generation, organic synthesis and hydrometallurgy. Patent applications have been filed in a number of countries. Patents have been granted in four countries, including the United States.

During 1977 emphasis continued on reactor design, scale-up and application testwork and the successful operation and testing of a pilot plant in Chicago in mid-year. This successful test of the treatment of metallic and cyanide effluents from a metal finishing plant has generated considerable interest from industry and government. A prototype reactor system will be installed in Buffalo in mid-1978.

On behalf of the Board,

MARTIN P. CONNELL,  
President.

Toronto, Ontario,  
May 26, 1978.



## Report on General Exploration

The following are the more significant mineral exploration programmes, other than uranium, in which your Company participated during 1977.

### **Group I — Conwest 66⅔%, Chimo 20%, Calmor 13⅓%**

The MacMillan Joint Venture with Essex Minerals Company (a subsidiary of U.S. Steel) is managed by Conwest which holds a 51% interest for the Conwest Group companies. The property being explored lies 60 miles north-west of the Anvil lead-zinc-silver mine in the east central Yukon Territory, and the location of similar type mineralization is the objective. Preliminary geophysical, geochemical and geological surveys were completed during 1977 leading to the selection of diamond drilling targets which will be tested during the 1978 summer field season.

### **Group II — Conwest 30%, Chimo 27%, Calmor 18%, Faraday 25%**

a) Conwest is continuing a base metal exploration programme in selected areas of Ontario. During the past year, Input airborne electromagnetic and magnetic surveys were carried out in three areas, ground geophysical surveys in three areas, and diamond drilling of 1,745 feet in 9 holes was completed to test 5 anomalies in two areas. No economic mineralization was located, however, minor copper mineralization encountered in two widely separated areas warrants further investigation. Ground geophysical follow-up is planned in a new project area.

b) Exploration in New Brunswick is continuing with programmes planned for four areas, managed from our regional office in Bathurst. Potential joint venturers are being invited to participate.

Exploration of existing claim groups in the Bathurst camp during the 1977 field season eliminated a number of geophysical and geochemical anomalies from further consideration, and no diamond drilling was required. Exploration has been essentially completed on all of the claims acquired in 1976. Late in 1977 Conwest acquired, by staking, the old Devils Elbow copper prospect. It is expected that field work planned for this season will lead to the definition of new drill targets on this property.

c) During 1977 exploration was carried out on four base metal properties acquired by option and staking in widely separated areas of British Columbia. Diamond and/or percussion drilling was done on three of these. No economic mineralization was located. The optioned properties were relinquished and no further exploration is currently planned for British Columbia this coming field season. Accordingly, the Smithers field office has been closed.

The Company is maintaining a balanced base metal exploration programme in anticipation of improved economic conditions in this sector and in recognition that attractive opportunities often arise during a period of depressed activity.

Respectfully submitted,

C. K. O'CONNOR

Vice-President, Exploration and Development

## Report on the Conwest Canadian Uranium Exploration Joint Venture

1977 was the second full year of an initially planned five year program. The participants include Central Electricity Generating Board (a British agency), Eldorado Nuclear Limited (a Canadian Crown corporation), Electrowatt Limited (a Swiss company), Empresa Nacional Del Uranio, S.A. (a Spanish company), along with the Conwest Group. All participants contribute equally to an indexed annual budget of \$1,500,000. The Saskatchewan Mining Development Corporation holds a 33⅓ per cent interest and contributes correspondingly to all current projects within Saskatchewan.

The Joint Venture holds two large, well-located groups of claim blocks in Saskatchewan overlying the south-east edge of the Athabasca Basin for an aggregate length of about 55 miles, between the new Key Lake uranium deposits, and those of Gulf Minerals near Wollaston Lake. Other properties are held in the Cambrian Lake area of northern Quebec and in western Newfoundland.

In Saskatchewan during the past twelve months approximately 160 shallow core holes were drilled providing cumulative footage of about 39,000 feet. Most of the drilling has been at the east end of the property, near Michael and Mitchell Lakes. Uranium mineralization regarded as anomalous has been intersected in four locations within this area. This work is continuing, and will be augmented in selected areas by additional geochemistry and ground surveys.

Subsequent to the year end an agreement has been concluded with Denison Mines Limited whereby Denison may earn an interest in a part (approximately 100,000 acres) of the Saskatchewan claim blocks. Denison will conduct exploration on the farmed-out lands and may earn a half interest in the Joint Venture's interest by the expenditure of \$1,000,000.

In Quebec the investigation of lake sediment anomalies first located in 1976 has led to the discovery of numerous radioactive boulders on the Company's permits. During the coming field season the prospective areas will be further explored by ground prospecting, mapping, trenching and geophysical work in anticipation of a fall or winter drill program.

The Newfoundland claims have yielded highly anomalous lake sediment and soil geochemical anomalies, but other exploratory techniques have failed so far to define drill sites. The data is being re-evaluated, and the next stage of investigation has not yet been determined, however, the geochemical assays are of sufficient magnitude that additional work is obligatory.

Respectfully submitted,

Dr. E. F. EVOY,

Technical Director.

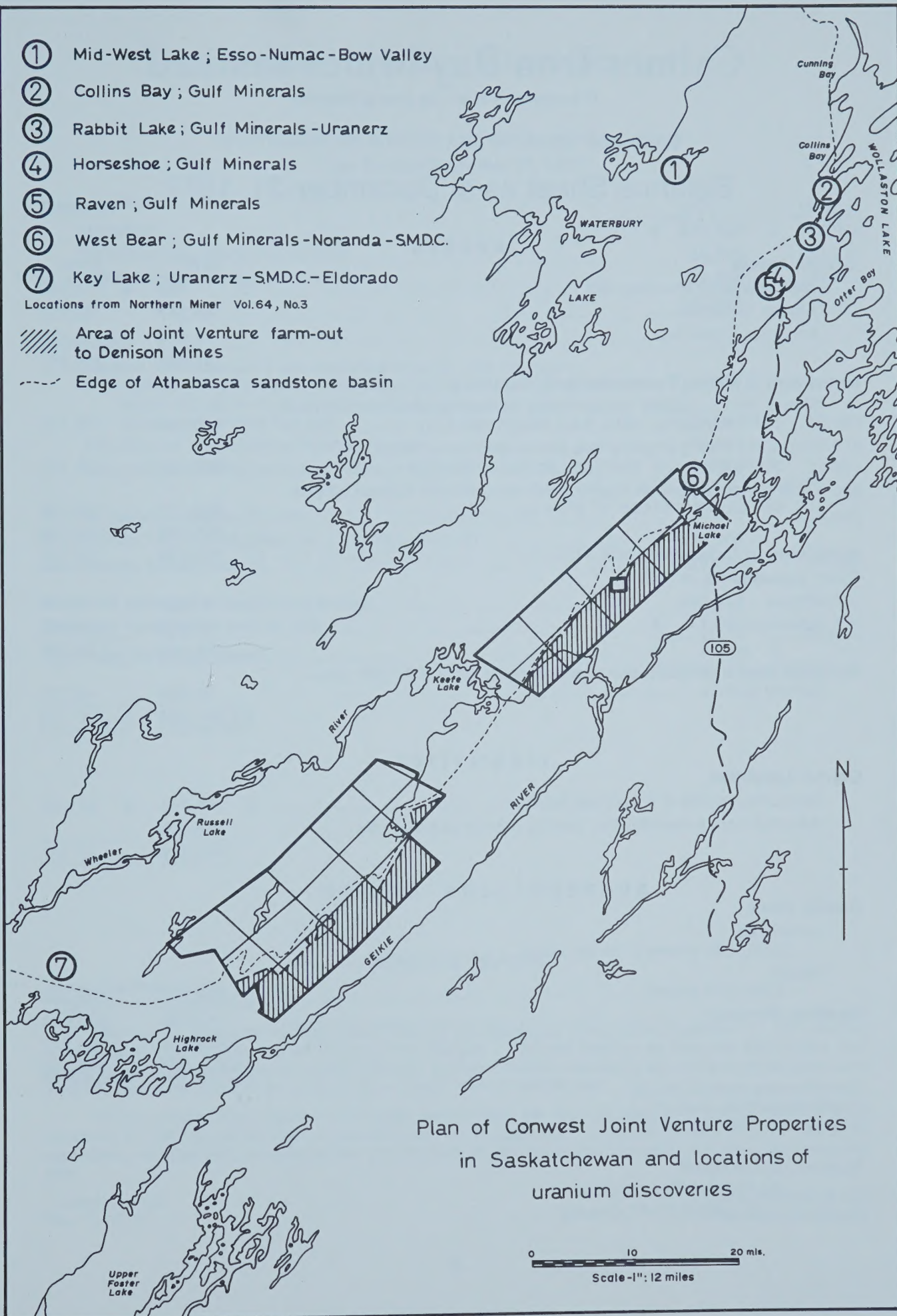


- ① Mid-West Lake ; Esso-Numac-Bow Valley
- ② Collins Bay ; Gulf Minerals
- ③ Rabbit Lake ; Gulf Minerals -Uranerz
- ④ Horseshoe ; Gulf Minerals
- ⑤ Raven ; Gulf Minerals
- ⑥ West Bear ; Gulf Minerals -Noranda -SMDC.
- ⑦ Key Lake ; Uranerz -SMD.C.-Eldorado

Locations from Northern Miner Vol.64, No.3

//// Area of Joint Venture farm-out  
to Denison Mines

- - - - Edge of Athabasca sandstone basin



Plan of Conwest Joint Venture Properties  
in Saskatchewan and locations of  
uranium discoveries

0 10 20 mls.  
Scale-1": 12 miles

# Calmor Iron Bay Mines Limited

(Incorporated under the laws of Ontario)

## Balance Sheet as at December 31, 1977

### ASSETS

<b>Current Assets</b>	<b>1977</b>	<b>1976</b>
Cash and short term deposits .....	\$ 703	\$ 119,340
Royalty receivable .....	86,247	82,530
Accounts receivable .....	5,000	44,477
	<u>91,950</u>	<u>246,347</u>
<b>Investment in Mining Companies and Properties</b>		
Shares with a quoted market value, at cost (quoted market value 1977, \$550,000; 1976, \$475,000) (note 4(b)) .....	435,130	435,130
Producing mining property less accumulated amortization of \$290,926 (1976, \$257,341) (notes 2 and 4(b)) .....	696,255	729,840
Other mining properties together with expenditures thereon, at cost less amounts written off (note 3) .....	228,111	163,350
	<u>1,359,496</u>	<u>1,328,320</u>
<b>Investment in Consortina</b> (note 4) .....	<u>392,948</u>	<u>103,025</u>
<b>Other Investments</b> , at cost		
Shares .....	80,830	22,679
Advances .....	34,530	46,038
	<u>115,360</u>	<u>68,717</u>
<b>Mortgage from a Director</b> , due in annual instalments of \$2,500, non-current portion .....	41,250	43,750
	<u>\$2,001,004</u>	<u>\$1,790,159</u>

### LIABILITIES

<b>Current Liabilities</b>		
Accounts payable and accrued liabilities .....	\$ 49,243	\$ 87,142
Advance from a shareholder, bearing interest at prime rate .....	535,333	
	<u>584,576</u>	<u>87,142</u>

### SHAREHOLDERS' EQUITY

<b>Capital Stock</b>		
Authorized		
3,000,000 shares of no par value		
Issued		
2,560,005 shares .....	1,369,393	1,369,393
<b>Retained Earnings</b> .....	47,035	333,624
	<u>1,416,428</u>	<u>1,703,017</u>
	<u>\$2,001,004</u>	<u>\$1,790,159</u>
Commitments (notes 4 and 7)		
Contingent liability (note 4)		
Subsequent events (note 4)		

Approved by the Board:

M. P. CONNELL, Director

J. C. LAMACRAFT, Director



# Calmor Iron Bay Mines Limited

## STATEMENT OF INCOME AND RETAINED EARNINGS Year Ended December 31, 1977

<b>Revenue</b>	<b>1977</b>	<b>1976</b>
Royalties .....	<b>\$ 337,189</b>	\$ 314,976
Financing charges to Consortina .....	<b>88,618</b>	33,557
Management fees and other income .....	<b>22,060</b>	29,247
	<u><b>447,867</b></u>	<u>377,780</u>
 <b>Expenses</b>		
General exploration and administrative together with the cost of current and prior years' direct exploration and development expenditures on mining claims and properties which were abandoned during the year .....	<b>141,845</b>	155,664
Amortization of producing mining property .....	<b>33,585</b>	33,619
Corporate, including interest expense of \$23,467 (1976, \$3,425) ....	<b>39,026</b>	23,810
	<u><b>214,456</b></u>	<u>213,093</u>
Income before undernoted item .....	<b>233,411</b>	164,687
Provision for loss on investment in Consortina (note 4) .....	<b>520,000</b>	
<b>Net income (loss) (note 5) .....</b>	<b>(286,589)</b>	164,687
 <b>Retained earnings at beginning of year .....</b>	<b>333,624</b>	168,937
<b>Retained earnings at end of year .....</b>	<u><b>\$ 47,035</b></u>	<u>\$ 333,624</u>
<b>Earnings (loss) per share .....</b>	<u><b>\$ (.112)</b></u>	<u>\$ .064</u>

### AUDITORS' REPORT

To the Shareholders of  
Calmor Iron Bay Mines Limited

We have examined the balance sheet of Calmor Iron Bay Mines Limited as at December 31, 1977 and the statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
May 10, 1978

THORNE RIDDELL & CO.  
Chartered Accountants

# Calmor Iron Bay Mines Limited

## STATEMENT OF CHANGES IN FINANCIAL POSITION Year Ended December 31, 1977

<b>Working capital derived from</b>	<b>1977</b>	<b>1976</b>
Revenue .....	<b>\$ 447,867</b>	\$ 377,780
Reduction in mortgage from a director .....	<b>2,500</b>	2,500
Sale of interest in Jarvis House to Consortina .....		116,533
	<b><u>450,367</u></b>	<u>496,813</u>
 <b>Working capital applied to</b>		
Exploration and development of mining claims including general exploration and administrative costs .....	<b>256,706</b>	207,972
Increase in investment in Consortina .....	<b>809,923</b>	18,341
Increase in other investments (net) .....	<b>35,569</b>	31,267
	<b><u>1,102,198</u></b>	<u>257,580</u>
<b>Increase (decrease) in working capital position .....</b>	<b>(651,831)</b>	239,233
 <b>Working capital (deficiency) at beginning of year .....</b>	<b>159,205</b>	(80,028)
<b>Working capital (deficiency) at end of year .....</b>	<b><u>\$ (492,626)</u></b>	<u>\$ 159,205</u>



# Calmor Iron Bay Mines Limited

## NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 1977

### 1. Accounting Policy

The Corporation's policy is to write off all general exploration expenditures as incurred and to capitalize the direct costs of acquisition and expenditures on mining properties which were in good standing at the year end. Upon disposal or abandonment of such interest, the net gain or loss is reflected in the statement of income.

### 2. Producing mining property

The producing mining property consists of a 20% interest in 123 mining claims in the Bruce Lake area, District of Kenora, recorded at the value appraised by A. H. Ross & Associates on July 20, 1966. The basis of the valuation was an appraisal of the present value of the anticipated net income from royalties to be received pursuant to the property lease.

The property is leased to The Steel Company of Canada, Limited until April 30, 2040 and the Corporation receives a royalty based on quantities of iron ore pellets produced and shipped from the mine. The property is being amortized on the unit production basis at the rate of 2.1937 cents per ton.

The lease agreement provides that the royalty rate be indexed to changes in the prevailing Lower Lake Superior price for iron ore pellets. Pursuant to the indexing provision the royalty rate has increased from 11.91 cents per ton, at the time the mine came into production in 1969, to 22.02 cents per ton at March 31, 1978.

### 3. Other mining properties together with expenditures thereon

	1977	1976
Balance at beginning of year .....	\$163,350	\$134,852
Current year's expenditures .....	99,179	71,761
	<u>262,529</u>	<u>206,613</u>
Deduct		
Expenditures charged to operations .....	23,344	43,263
Expenditures reclassified as other investments .....	11,074	
	<u>34,418</u>	<u>43,263</u>
Balance at end of year .....	<u>\$228,111</u>	<u>\$163,350</u>

### 4. Investment in Consortina

Consortina Incorporated owns and operates restaurant and hotel facilities in the Metropolitan Toronto area and is effectively owned and financed as follows:

	Equity	Financing Interest
Calmor Iron Bay Mines Limited .....	12%	12.6%
Chimo Gold Mines Limited .....	18	19.0
Conwest Exploration Company Limited .....	60	63.1
President of Consortina .....	10	5.3
	<u>100%</u>	<u>100.0%</u>

- (a) The Corporation and the other financing parties noted above have entered into a number of agreements with Consortina pursuant to which the Corporation has participated in the financing of Consortina to December 31, 1977 and subsequently. Details of the Corporation's participation in the financing of Consortina at the year end and at the date of the auditors' report are as follows:

	December 31, 1977	May 10, 1978
Cash advances to Consortina		
Secured by a Series A debenture of Consortina .....		\$ 633,333
Secured by a Series B debenture of Consortina .....	\$766,105	766,105
Unsecured .....	142,843	174,421
	<u>\$908,948</u>	<u>\$1,573,859</u>

In addition to the cash advances of \$908,948 to December 31, 1977, the Corporation had severally guaranteed term bank debt of Consortina in the amount of \$633,333. This guarantee was secured by a Series A debenture of Consortina.

Pursuant to the financing agreements, the Series A and B debentures of Consortina rank pari passu with debentures of each series respectively held by the other financing parties and both series are subordinate to certain long term debt of Consortina in the amount of approximately \$3,740,000.

During 1977, the Corporation charged Consortina interest at prime plus 4½% per annum on all cash advances and a guarantee fee of 2¾% per annum on any bank guarantee provided. The Corporation has agreed to a deferral of the payment for these charges from June 30, 1977.

- (b) Subsequent to December 31, the Corporation negotiated a five year term bank loan in the amount of \$620,000. The proceeds of this loan, together with other corporate funds, were applied to Consortina's term bank loan thereby eliminating the Corporation's several liability referred to in (a) above. These additional cash advances are secured by the Series A debenture of Consortina.

The Corporation provided to its banker an hypothecation of its shares with a quoted market value and an assignment of its producing mining property as security for this loan.

- (c) To December 31, 1977, Consortina incurred operating losses of \$1,180,000 before interest expense and depreciation of \$2,475,000 and \$680,000 respectively. A provision for loss equal to the Corporation's equity in such losses has been recorded in the statement of income for 1977 with a corresponding reduction in the carrying value of the Corporation's investment in Consortina at December 31, 1977 as follows:

Investment in shares .....	\$ 4,000
Cash advances .....	908,948
	<hr/>
Provision for loss .....	912,948
	<hr/>
Investment in Consortina .....	520,000
	<hr/>
	<u>\$392,948</u>

## 5. Income taxes

No provision for income taxes has been made in the accounts for 1977 and 1976 as exploration and development expenditures available for tax purposes have been applied to eliminate income taxes otherwise payable.

At December 31, 1977, the Corporation has additional expenditures and losses available to reduce future years' taxable income amounting to approximately \$385,000.

## 6. Anti-Inflation Act

The Corporation is subject to the Anti-Inflation Act which provides for the restraint of profit margins, prices, dividends and compensation. In management's opinion, the Corporation has complied with the provisions of this Act for the year ended December 31, 1977.

## 7. Commitments

- (a) Pursuant to an agreement dated December 1, 1975, the Corporation, Conwest, Chimo and Consolidated Canadian Faraday Limited agreed to expend in total up to \$1,500,000 annually in the three years ending December 31, 1978 on certain non-hydrocarbon exploration projects. The Corporation has agreed to contribute 18% of the amount to be expended on these projects.
- (b) Pursuant to an agreement dated April 15, 1976, the Corporation agreed to participate in an uranium exploration joint venture which Conwest formed on March 18, 1976. Under the joint venture agreement, Conwest and each of the original members of the joint venture agreed to contribute \$300,000 per year in the years 1976 to 1979 inclusive and \$200,000 in 1980, subject to an upward adjustment to the extent that the Consumer Price Index for Canada increases. The amount which the Corporation has agreed to contribute is 10% of Conwest's commitment to the joint venture.

## 8. Remuneration of directors and senior officers

Aggregate direct remuneration paid to directors and senior officers (as defined by The Business Corporations Act) during the year amounted to \$17,100 (1976, \$16,900).

Central Patricia Gold Mines, Limited pays substantially all of the remuneration of directors and senior officers of the Corporation and certain other corporations and is reimbursed by these corporations for their proportionate share. The Corporation's share of the amounts so paid was \$41,500 (1976, \$38,666).



# Calmor Iron Bay Mines Limited

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS June 30, 1978

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of CALMOR IRON BAY MINES LIMITED (the "Corporation") will be held in The Johnston Room 1 & 2 of the Hotel Toronto, 145 Richmond Street West, Toronto, Ontario, on Friday, the 30th day of June, 1978 at the hour of 4:00 o'clock in the afternoon (Toronto time) for the following purposes:

1. To receive and consider the financial statements of the Corporation for the year ended December 31, 1977, together with the report of the auditors thereon;
2. To elect directors;
3. To appoint auditors and to authorize the directors to fix their remuneration; and
4. To transact such further or other business as may properly come before the meeting or any adjournment thereof.

DATED the 26th day of May, 1978.

By Order of the Board,

J. A. Patterson,  
Secretary-Treasurer

**NOTE:** Shareholders who are unable to be present personally at the meeting are requested to sign and return, in the envelope provided for that purpose, the accompanying form of proxy for use at the meeting.

# Calmor Iron Bay Mines Limited

## INFORMATION CIRCULAR

### MANAGEMENT SOLICITATION

This information circular is furnished in connection with the solicitation of proxies by Management of CALMOR IRON BAY MINES LIMITED (the "Corporation") for use at the annual meeting of the shareholders of the Corporation to be held on Friday, June 30, 1978 at 4:00 o'clock in the afternoon (Toronto time) in The Johnston Room 1 & 2, Hotel Toronto, 145 Richmond Street West, Toronto, Ontario, for the purposes set out in the notice of meeting. The cost of solicitation will be borne by the Corporation.

The form of proxy forwarded to shareholders with the notice of meeting confers discretionary authority upon the proxy nominees with respect to amendments or variations of matters identified in the notice of meeting and other matters which may properly come before the meeting.

The shares represented by proxies in favour of Management nominees will be voted at the meeting.

Management knows of no matters to come before the meeting other than the matters referred to in the notice of meeting. However, if any other matters which are not now known to Management should properly come before the meeting, the shares represented by proxies in favour of Management nominees will be voted on such matters in accordance with the best judgment of the proxy nominee.

Proxies given by shareholders for use at the meeting may be revoked at any time prior to their use. In addition to revocation in any other matter permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of such meeting on the day of the meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked.

### Voting Shares and Principal Holders Thereof

The authorized capital of the Corporation consists of 3,000,000 shares without nominal or par value of which 2,560,005 shares are issued and outstanding as fully paid and non-assessable. Holders of outstanding shares of record at the close of business on June 28, 1978 will be entitled to one vote per share at the meeting.

To the knowledge of the directors and senior officers of the Corporation, the only person who beneficially owns directly or indirectly, equity shares of the Corporation carrying more than 10% of the voting rights attached to all equity shares of the Corporation is Central Patricia Gold Mines, Limited ("Central Patricia") which beneficially owns 1,020,000 shares, being 39.8% of the outstanding shares of the Corporation.

### Election of Directors

Each of the persons whose name appears hereunder is proposed to be elected as a director of the Corporation to serve until the next annual meeting of shareholders or until his successor is elected or appointed. It is intended that the shares represented by proxies in favour of Management nominees will be voted in favour of the election of such persons as directors of the Corporation. In the event that any vacancies occur in the slate of such nominees, it is intended that discretionary authority shall be exercised to vote such proxies for the election of any other person or persons nominated by Management as directors.



<u>Name and Office Held</u>	<u>Principal Occupation</u>	<u>Year First Elected or Appointed as Director</u>	<u>Common Shares of the Corporation Beneficially Owned Directly or Indirectly as at May 26, 1978</u>
Martin P. Connell(1) President and Director	President, Conwest Exploration Company Limited (a mining exploration company)	1971	32,501
Donald J. Hains Director	President, Lurgi Canada Limited (an engineering company)	1976	48,500
Ian F. T. Kennedy Vice-President and Director	Vice-President, Conwest Exploration Company Limited	1973	10,001
John C. Lamacraft Executive Vice-President and Director	President, International Mogul Mines Limited (a resource exploration company)	1973	1
Robert D. H. Thorburn(2) Director	Vice-President, Gardiner, Watson Limited (investment dealers)	1978	1

NOTE: (1) Central Patricia is an associate of each of Messrs. M. P. Connell and I. F. T. Kennedy. Reference is made to "Voting Shares and Principal Holders Thereof" above for particulars of the shareholdings of Central Patricia in the Corporation.

(2) Each of the above nominees, other than Mr. Thorburn, has been elected to his present term of office by a vote of shareholders at a meeting, the notice of which was accompanied by an information circular. Mr. Thorburn has been an officer and director of Gardiner, Watson Limited for the past year and for the four preceding years was a stock-broker with Draper Dobie & Company Limited.

### Remuneration of Management and Others

During the financial year ended December 31, 1977, the aggregate direct remuneration paid by the Corporation to the directors and senior officers of the Corporation was \$17,100.

Central Patricia pays substantially all the remuneration of directors and senior officers of certain related companies and is reimbursed by these companies therefor. During the financial year ended December 31, 1977, the Corporation's share of the amount so paid was \$41,500.

Reference is made to the accompanying balance sheet of the Corporation for particulars of indebtedness of a director to the Corporation.

### Interest of Management and Others in Material Transactions

By an agreement dated May 9, 1977, which superseded an earlier agreement dated March 29, 1976, all of the direct or indirect shareholders of Consortina Incorporated ("Consortina"), namely the Corporation, Chimo Gold Mines Limited ("Chimo"), Conwest Exploration Company Limited ("Conwest") and T. G. Kristenbrun agreed severally to guarantee bank indebtedness of Consortina and agreed (subject to certain limitations in the case of Mr. Kristenbrun) to make such advances to Consortina as Conwest, Chimo and the Corporation might unanimously agree upon from time to time. No bank indebtedness by Consortina is outstanding.

At the present time the indebtedness to the Corporation of, or relating to, Consortina is \$1,573,859. Shareholdings and financing interests in Consortina are summarized below:

	<u>Equity</u>	<u>Financing Interest</u>
Calmor Iron Bay Mines Limited .....	12%	12.6%
Chimo Gold Mines Limited .....	18	19.0
Conwest Exploration Company Limited .....	60	63.1
T. G. Kristenbrun .....	10	5.3
	<u>100%</u>	<u>100.0%</u>

Certain of the directors and officers of the Corporation are also directors and/or officers of one of more of the other corporate shareholders of Consortina, or of Consortina itself and may, therefore, be considered to have an interest in the financing agreements. Those interests are set forth below:

Name of Director or Officer of the Corporation	Office Held and Shares Beneficially Owned or over which Control or Direction is Exercised			
	<u>Chimo</u>	<u>Calmor</u>	<u>Conwest</u>	<u>Consortina</u>
M. P. Connell 52 Chestnut Park Road, Toronto, Ontario	President & Director 1 share	President & Director 32,501 shares	President & Director 32,956 shares	Director —
D. J. Hains 231 Westdale Road, Oakville, Ontario	Director 1 share	Director 48,500 shares	— —	— —
I. F. T. Kennedy 1 Douglas Drive, Toronto, Ontario	Vice-President & Director 1 share	Vice-President & Director 10,001 shares	Vice-President & Director 270,401 shares	— —
J. C. Lamacraft 121 Highbourne Road, Toronto, Ontario	Executive Vice-President & Director 1 share	Executive Vice-President & Director 1 share	Executive Vice-President & Director 1 share	Director —

Central Patricia and McVittie-Graham Mining Company Limited are associates of Messrs. Connell and Kennedy. Central Patricia is the beneficial owner of 30.7% of the outstanding shares of Chimo, 39.8% of the outstanding shares of the Corporation and 28.9% of the outstanding shares of Conwest. McVittie is the beneficial owner of 4.4% of the outstanding shares of Conwest and 10.2% of the outstanding shares of Central Patricia.

The Corporation is indebted to Conwest in the amount of \$524,496, which bears interest at the bank prime rate.

### **Appointment of Auditors**

Management proposes to nominate Thorne Riddell & Co., the present auditors, as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders. It is intended that the shares represented by proxies in favour of Management nominees will be voted in favour of the appointment of Thorne Riddell & Co. as auditors of the Corporation and the authorization of the directors of the Corporation to fix their remuneration.

DATED May 26, 1978.















# CALMOR IRON BAY MINES LIMITED

AR52

## STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Six Months Ended June 30  
(unaudited)

	1977	1976
WORKING CAPITAL		
DERIVED FROM		
Revenue .....	\$ 201,837	\$ 178,326
Sale of interest in Jarvis House to Consortina Incorporated .....		116,533
	<u>201,837</u>	<u>294,859</u>
WORKING CAPITAL APPLIED TO		
Exploration and development of mining claims including general exploration and administrative costs	134,554	99,194
Investment in Consortina Incorporated .....	449,731	44,206
	<u>584,285</u>	<u>143,400</u>
INCREASE (DECREASE) IN WORKING CAPITAL POSITION .....	(382,448)	151,459
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF PERIOD	<u>159,205</u>	<u>(80,028)</u>
WORKING CAPITAL (DEFICIENCY) AT END OF PERIOD .....	<u>\$ (223,243)</u>	<u>\$ 71,431</u>

## CALMOR IRON BAY MINES LIMITED

*Interim Report*

*June 30, 1977*

# CALMOR IRON BAY MINES LIMITED

1010 - 85 Richmond Street West  
Toronto, Ontario M5H 2G1

To the Shareholders:

Enclosed are the interim unaudited financial statements for the six months ended June 30, 1977.

## Exploration

The exploration season is well underway with crews involved in the search for base metals and uranium working in numerous localities from Newfoundland to the Yukon Territory. Base metal projects in New Brunswick, Ontario, British Columbia and the Yukon Territory, comprising geological mapping, geochemical and geophysical surveys, are anticipated to lead to the selection of drill targets for testing this fall and winter. Concurrently, reconnaissance prospecting, mapping and property examination for new property acquisitions and project areas are well advanced.

Uranium exploration projects under the Conwest Canadian Uranium Exploration Joint Venture are active in Newfoundland, Quebec, Ontario, Saskatchewan, British Columbia and the Northwest Territories. Diamond drilling commenced in late June to test a number of geological and geophysical targets on the large Saskatchewan claim holdings. This drilling will continue into September.

## Consortina Incorporated

For the six months ended June 30, 1977, Consortina Incorporated, in which your Company holds a 12% interest, incurred a loss of \$600,000 on operations before depreciation of \$148,000 and financing costs totalling \$652,000 which includes interest of \$285,000 on subordinated shareholder advances. The loss reflects the substantial start-up costs in the period of three new operations, The Ports, Bemelmans and The Ascot Inn. By year end it is anticipated that all units will be operating profitably.

## HSA Reactors Limited

The HSA pilot facility for the treatment of metallic waste effluents from a metal finishing plant has been satisfactorily tested. HSA is now engaged in the engineering of a commercial reactor unit for extensive industrial testing. HSA continues to investigate the applications of the HSA reactor to hydrogen generation, organic synthesis and hydrometallurgy.

On behalf of the Board,

M. P. CONNELL,  
President.

Toronto, Ontario,  
August 24, 1977.

# CALMOR IRON BAY MINES LIMITED

## STATEMENT OF INCOME For the Six Months Ended June 30 (unaudited)

	1977	1976
<b>REVENUE</b>		
Royalties .....	\$ 163,540	\$ 150,640
Interest .....	29,367	5,731
Management fees and other income .....	8,930	21,955
	<u>201,837</u>	<u>178,326</u>
<b>EXPENSES</b>		
General exploration, administrative and projects abandoned ..	79,169	49,320
Amortization of producing mining property .....	16,289	16,511
Corporate .....	8,259	5,094
	<u>103,717</u>	<u>70,925</u>
<b>NET INCOME FOR THE PERIOD .....</b>	<u>\$ 98,120</u>	<u>\$ 107,401</u>
<b>EARNINGS PER SHARE ....</b>	<u>\$0.04</u>	<u>\$0.04</u>